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PP RUEHDBU RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR
DE RUEHBS #3192/01 2921235
ZNY CCCCC ZZH
P 191235Z OCT 07
FM USEU BRUSSELS
TO RUEHC/SECSTATE WASHDC PRIORITY
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 BRUSSELS 003192

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TAGS: [PREL](#) [EAID](#) [ZL](#) [EUN](#)
SUBJECT: EU AND W. BALKANS: CARROTS NOT ALWAYS EFFECTIVE;
STICKS LARGELY UNUSED

REF: BRUSSELS 3120

Classified By: Acting POL Chief Vincent Carver for reasons 1.5 (b/d).

Summary

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¶1. (C/NF) The EU has repeatedly reaffirmed the "European vocation" of the countries in the Western Balkans. It is committed to membership for all countries in the region and the Commission plans to contribute almost USD two billion over 2007-09 to help prepare them for eventual membership. While the W. Balkans will be one of the upcoming Slovenian Presidency's priorities, we are not sanguine that it will have great achievements in the region -- much like the Austrian Presidency (2006), other than to secure an ESDP mission in Kosovo. The EU has little strategy on containing fallout from Kosovo final status in Serbia. On BiH, the EU is realizing that it may have to play harder ball given that the promise of a Stabilization and Association (SAA) Agreement has not produced police reform there. Decision-makers in London, Paris, Rome, and Berlin likely will continue to have more influence over events in the region than those in Lisbon and Ljubljana. Enlargement Commissioner Rehn will continue strongly to support the accession process for the region, with HR Solana helping channel member state thinking on Serbia, BiH, and Kosovo. (Reftel addressed the EU and Kosovo; EU relations with Croatia are not handled by EU officials covering the W. Balkans.) End Summary

Slovenian Mission: W. Balkans a Top Priority

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¶2. (C/NF) Both the Slovenian Mission's W. Balkans expert and the Slovenian serving as BiH desk officer in the Council Secretariat (who will serve as the Slovenian Presidency's

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coordinator with the Council Secretariat) told us recently that the W. Balkans will be one of the top priorities of the Slovenian Presidency. Given the pace of events, maintaining EU unity over post-status Kosovo is of paramount importance, both stressed. Launching an ESDP mission in Kosovo, even without a new UNSCR (both said neither the U.S.-EU-Russia Troika nor the UNSC would produce a last-minute negotiated settlement) will be "messy" given some member states' questions over legal interpretations of a mandate. Nevertheless, a mission "almost certainly" will be launched, in part because member states recognize that the EU's credibility will be damaged absent such a mission.

A Priority, but Little Strategy

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13. (C/NF) Asked about Slovenia's and the EU's strategy for strengthening Serbia's and BiH's ties to the EU, the Slovenian Mission rep noted that the EU's leverage is not terribly strong. The Commission will continue its plans to support the Instrument for Pre-Accession (IPA) in both countries (contributing approximately USD 800 million in Serbia and USD 316 million in BiH from 2007 to 09). According to our contact, while Slovenia (reportedly supported by Austria, Italy, Hungary, the Czech Republic, Slovakia, Poland, the Baltic States, and Greece) would like the EU to take a more "flexible" approach on police reform in BiH and on ICTY conditionality in Serbia in order to proceed with the SAA processes in both countries, other member states, particularly Finland, the Netherlands, Belgium, and Luxembourg, oppose any loosening of EU conditionality. The UK and France, previously supporters of strict conditionality are softening somewhat, our contact added. He stressed that the Presidency, as honest broker, will have to try to find common ground between the hard-line camp and those wanting to ease the SAA process for Belgrade and Sarajevo.

14. (C/NF) The Slovenian Council Secretariat contact had a different perspective. In her view, the EU has stressed publicly and at length the links between police reform in BiH and full Serbian cooperation with ICTY with signing an SAA. For the EU to weaken these links now for an "immediate goal" would undermine the EU's credibility with both countries over the long term, she reasoned.

Serbia: How to contain Fallout from Kosovo
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15. (C/NF) While officially the accession process for Serbia is not related to Kosovo, many contacts have privately confirmed that several member states will block progress if

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Serbia acts "aggressively" on post-status Kosovo. All predict that Belgrade will protest vociferously after status is finalized. Our contacts are divided over what, if any, concrete actions Belgrade will take.

16. (C/NF) A few predict that Belgrade will interrupt energy supplies. Others note that the Serbian Radical Party and hard-liners within the military will support paramilitary activity in northern Kosovo. A plurality, however, believe Serbia will neither take nor tolerate any such action, and therefore the accession process can continue.

17. (C/NF) Asked how ICTY cooperation factors into the equation, one contact noted that the Stabilization and Association Agreement (SAA) with Serbia is ready to be initialed and could even be signed in 2007 if Belgrade demonstrated significant progress leading to the arrest of Mladic. Even without this, however, the EU believes Belgrade will continue to promulgate legislation and implement reforms as outlined in the SAA, so as not to lose too much time in the process and with the hope that Mladic eventually will be seized and an SAA will be signed.

Bosnia-and-Herzegovina: How could they refuse Police Reform?
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18. (C/NF) Many EU and member state officials seemed actually shocked that the Bosniak and Republika Srpska leadership continued to block police reform despite HR/EUSR Lajcak's last-ditch efforts in late September. One Council Secretariat official working on BiH told us recently that the

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Commission and several member state officials believed the BiH leaders would compromise at the last moment, given the tremendous importance of signing an SAA with the EU. The fact that this "carrot" did not bend the BiH leaders' political will should serve as a wake-up call, particularly

to the Commission, on the tough nature of Balkan politicians and their unwillingness to be kowtowed by EU bureaucrats.

¶9. (C/NF) All of our contacts noted that the Commission is extremely hesitant to use its funding (consolidated in the "Instrument for Pre-Accession" -- IPA, begun this year) for strictly political ends. Rather, the IPA's raison d'etre is to promote infrastructure projects, enhance a country's administrative capacity through training and exchanges, and support freer markets, not to pressure officials in the region to accept EU political views. Asked about possible visa restrictions on intransigent BiH officials, one Council Secretariat contact told us that the EU has not yet

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considered this option, with some member states likely to oppose its use based on "intransigence" rather than human rights abuses or criminal activity. HR Solana, she noted, has only in the last few weeks devoted attention to BiH. His office reportedly has increased the demand for briefing papers on BiH dramatically as a result.

Macedonia: Not Going Well

¶10. (C/NF) The Slovenian Mission has told us that the lackluster pace of reforms and continued problems in genuinely integrating the ethnic Albanian parties into collaborative decision-making on the national level combine to make Macedonia a problem case for the EU -- officially it is a candidate country, but without a date for accession negotiations to begin. Several of our contacts told us earlier this year that the EU might give Macedonia a date in 2008 to begin negotiations. Our contacts are less optimistic lately. They do not rule out giving a date next year, but stress that Macedonia must "get its act together" and demonstrate greater political maturity to overcome resistance from some member states. Macedonia's position on Kosovo has helped in this regard, but, in the view of one Council Secretariat official, Skopje's "provocations" of Greece are

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not helping its case. None of our contacts would reveal where Greece is coming down on granting a date for accession negotiations with Skopje, with all saying "officially" that NATO deliberations over a potential membership invitation are not affecting EU discussions.

Albania: Making slow but steady Progress

¶11. (C/NF) The EU appears satisfied and even a bit surprised that Albania's accession process is moving forward, albeit slowly. The EU remains concerned about crime, corruption, and administrative capacity in Albania, but sees recent elections there as a sign that the country is slowly moving

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in the right direction.

Montenegro: A Relative Success Story

¶12. (C/NF) Given its smaller size and relatively good economic policies, Montenegro may advance more quickly in implementing its SAA commitments, according to a Commission contact. Its use of the Euro must be addressed (but one contact predicted that the EU ultimately will not force Montenegro to adopt a new currency), and as with Albania, the EU has serious concerns about organized crime. Several contacts voiced the hope that Montenegro's expected progress with its SAA would "shame" BiH and Serbia to overcome its problems and allow their respective SAAs to be signed.

The Broader EU Context

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¶13. (C/NF) The EU has a less than stellar record in leveraging the "carrot" of membership to obtain concrete political results in the region. Brussels generally remains loathe to use "sticks" to promote immediate goals in the region. Rather, the EU, particularly the Commission, views the accession process as a necessarily multi-year endeavor in building a strong foundation for these countries' "European identity." Increased skepticism among the European public regarding enlargement -- "enlargement fatigue" -- and the general consensus in Brussels that Romania and Bulgaria were not ready for accession in 2007, are contributing to a stricter interpretation by the Commission of implementation of SAA commitments. Two of Enlargement Commissioner Rehn's advisors have told us that the EU wants to address problem areas in candidate and aspirant countries earlier, rather than later, to avoid having to take the largely political decision to admit not-quite-ready candidates, as was the case with Romania and Bulgaria.

Comment

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¶14. (C/NF) The last stage of the Portuguese Presidency and the first few months of the Slovenian Presidency will be full of challenges: maintaining EU unity on Kosovo while securing agreement to launch the ESDP Mission, offering support to HR/EUSR Lajcak in BiH while maintaining some level of "local ownership" in BiH, containing damage to the EU's relationship with Serbia in light of final status for Kosovo while keeping the pressure on Belgrade to deliver Mladic to The Hague, prodding the Macedonian leadership to make and implement genuine political reforms, and maintaining credibility with the European public for enlargement in general.

¶15. (C/NF) From what we have seen, the EU, the Portuguese Presidency, and the incoming Slovenian Presidency have little in the way of a coherent strategy to address these issues, other than to reiterate the "European vocation" of the countries of the region. Visa facilitation and IPA assistance are not enough to ensure that the region continues on its European path. The key to taking critical decisions regarding the Western Balkans remains in key member state capitals, not Brussels. Rehn will remain a strong champion of membership for the countries in the region; Solana is the official, however, who can help move member states on critical issues, such as the ESDP mission in Kosovo and confronting obstructionists in BiH. If the draft EU Reform Treaty is ratified, the High Rep position will be even more capable of moving the EU in the right direction in the region, given the marriage of his responsibilities with Commission financial resources.

GRAY

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